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SUBJECT: EMBATTLED SENATE PRESIDENT TAKES LEAVE, WILL  
RESIGN PRESIDENCY

REF: BRASILIA 1745

¶1. (SBU) Summary. Embattled Senate President Renan Calheiros (PMDB, Brazilian Democratic Movement Party, governing coalition; of Alagoas) took leave from the Senate on October 11 after five months of unrelenting media and opposition attacks over alleged corruption. He is now expected to resign the presidency to escape conviction on ethics charges, but now facing five separate cases, the odds of avoiding a conviction are against him. The Workers Party (PT) now has temporary command of both houses of congress, so should be able to speed approval for legislation supported by the PT-controlled executive branch. It will take much longer for the Senate to repair its severely damaged public image. End summary.

¶2. (U) Media reports on October 16 confirmed what many analysts expected: Calheiros has told friends he will resign from the Senate Presidency to try to avoid being expelled from the Senate and losing his political rights. His gambit may fail and he could still lose his Senate seat.

¶3. (U) Calheiros faces three cases in the Senate Ethics Committee that were developed after he came under scrutiny when Veja magazine wrote last May that child support payments for an illegitimate daughter were paid by, or through, a lobbying firm that represents construction firms with government contracts. The cases accuse him of concealing ownership in radio stations, improperly aiding a brewing company, and deviating funds from ministries controlled by his party. A fourth case will accuse him of spying on political enemies, and a fifth of founding a phantom firm to defraud the government. He was previously acquitted in the Senate Plenary of the first case against him (reftel).

¶4. (U) Calheiros's leave-taking makes Tiao Viana (PT, Workers Party, lead party in the governing coalition; of Acre) the acting Senate President, giving the PT the presidency of both houses of Congress for at least 45 days. When Calheiros officially resigns the presidency, senators will elect a successor, with speculation centering on former president Jose Sarney (PMDB, Amapa), Roseana Sarney (PMDB, Maranhao), and Gerson Camata (PMDB, Espirito Santo). The opposition favorite is Jarbas Vasconcelos (PMDB, Pernambuco), but he is unacceptable to the government coalition and probably unelectable.

¶5. (U) Calheiros undermined his case throughout the ordeal in a series of missteps, including presenting documents that

TV Globo showed to be false, but the last straw was the allegation that he tried to spy on political enemies. Many Senate allies abandoned him, and according to press reports, longtime supporter Jose Sarney counseled him to step aside.

16. (SBU) Comment: The big winner is President Lula's Workers Party, now at the helm of both houses and in control of the agenda. This probably will translate into more clout in the legislative process, but it is only temporary because Calheiros's permanent successor will come from the PMDB, the largest party in the Senate. The loser is the Senate's public image: senators were shown on television in heated exchanges, trading accusations and insults over the Calheiros affair, undermining public confidence in the institution's dignity and integrity, while Calheiros refused to step down as evidence against him mounted. While the Calheiros case may have limited long-term impact on the legislative process, in the near-term the opposition has ended its obstructionism and the Senate can resume consideration of legislation and act on key bills. It also prompted some senators to introduce a bill to require any member of the leadership ("mesa diretora") to take leave from the presidency if the Ethics Committee votes to consider a case against him or her. While the proposal is not a watershed response to what could have been a watershed moment, it is a step in the right direction.

Sobel